

Message Text

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PAGE 01 PRETOR 01558 171541Z POSS DUPE
ACTION EB-08

INFO OCT-01 AF-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 /102 W

-----027551 190656Z /10

R 171500Z MAR 78
FM AMEMBASSY PRETORIA
TO AMEMBASSY MBABANE
SECSTATE WASHDC 757

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E.O. 11652: N/A
TAGS: ETRD, SF, WZ
SUBJECT: PROPOSED SA CUSTOMS UNION TARIFF ON FERTILIZER
PRODUCTS

1. EMBASSY HAS BEEN APPROACHED BY DIRECTOR HILL OF SWAZILAND
CHEMICAL INDUSTRIES (SCI) IN REGARD TO PROPOSED INCREASE IN
SOUTHERN AFRICAN CUSTOMS UNION TARIFFS ON AMMONIUM PHOSPHATE
AND RELATED PRODUCTS. HILL STATED SCI HAS A NEW AND MODERN
FERTILIZER PLANT IN SWAZILAND WHICH IS ONE OF LARGEST INDUS-
TRIAL ENTERPRISES IN THE COUNTRY. AS FEEDSTOCK FOR THIS
PLANT, HE STATED SCI IMPORTS OVER \$5 MILLION A YEAR WORTH OF
AMMONIUM PHOSPHATE AND RELATED FERTILIZER PRODUCTS FROM THE
UNITED STATES. HOWEVER, HILL CLAIMED THAT IF PROPOSED TARIFF
INCREASES ARE IMPLEMENTED, SCI WILL BE FORCED OUT OF BUSINESS
AT A LOSS BOTH TO SWAZI ECONOMY AND U.S. EXPORTS. HE ASKED
EMBASSY INTERVENTION WITH SAG OPPOSING TARIFF INCREASE.

2. INCREASES REFER TO A PETITION FILED WITH SOUTH
AFRICAN BOARD OF TRADE AND GAZETTED MARCH 3 ASKING FOR
DUTY OF R50 PER TON ON BTN CATEGORIES 31.02 AND 31.03

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(NITROGENOUS AND PHOSPHATIC FERTILIZERS). SIX WEEKS IS
GIVEN FOR INTERESTED PARTIES TO COMMENT. HILL STATED
SOUTH AFRICAN FERTILIZER COMPANIES HAD RESENTED LOSS OF
SWAZI MARKET TO HIS FIRM AND WERE BEHIND PETITION. HE
ADDED SOUTH AFRICAN PRODUCERS HAD OLDER PLANTS AND USED
LOWER QUALITY DOMESTIC FEEDSTOCKS OFTEN PRODUCED BY
SAME COMPANY. THUS, THEY WOULD NOT BE AFFECTED AS MUCH

AS SCI WHICH WAS DEPENDENT ON IMPORTED PRODUCTS FROM U.S. AND ELSEWHERE. HILL STATED SCI HAD ENDEAVORED TO SECURE ASSISTANCE OF SWAZI GOVERNMENT ON THIS ISSUE BUT LATTER HAD NOT REALLY FOCUSED ON IT.

3. BOARD OF TRADE HEARING IS INITIAL STEP FOR DOMESTIC PRODUCERS SEEKING TARIFF PROTECTION. INTERNATIONAL COMMITMENTS SUCH AS GATT ARE FED IN AT A LATER STAGE OF PROCESS. MAJORITY OF PETITIONS DO NOT RESULT IN NEW TARIFFS BUT OUTCOME OF ANY SINGLE CASE IS NOT PREDICTABLE. SA DEPARTMENT OF COMMERCE ADVISES SOUTH AFRICA HAS GATT BINDING ON BTN 31.02 BUT NOT ON 31.03. LATTER CATEGORY IS REPORTEDLY WHERE BULK OF U.S. EXPORTS FALL.

4. COMMENT: EMBASSY HAS NO PREVIOUS KNOWLEDGE OF HILL OR HIS COMPANY NOR HAS IT ANY INDEPENDENT INFORMATION ON POINTS MADE BY HILL. SEVERAL DOZEN PETITIONS FOR TARIFF PROTECTION ARE FILED WITH BOARD OF TRADE EACH YEAR, MAJORITY OF WHICH DO NOT SUCCEED. IN VIEW LARGE NUMBER OF SUCH PETITIONS, EMBASSY HAS IN PAST GENERALLY TAKEN POSITION THAT COMPANIES COULD MOST EFFECTIVELY MAKE OWN APPROACHES TO BOARD. HOWEVER, IF HILLS' CLAIMS CAN BE VERIFIED, CONSIDERABLE U.S. EXPORT MARKET IS AT STAKE AND OFFICIAL REPRESENTATIONS MIGHT BE JUSTIFIED AT THIS STAGE. WOULD WELCOME ANY COMMENT OR ADVICE RE SCI FROM EMBASSY MBABANE.
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BOWDLER

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NNN

Message Attributes

Automatic Decaptioning: X
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Draft Date: 17 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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ISecure: 1
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